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F I S C A L I M P A C T R E P O R T



SPONSOR: Lujan DATE TYPED: 02/11/02 HB 7/aHAFC/aHFI#1

SHORT TITLE: In-Plant Training SB _____

ANALYST: Woodlee

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
\$8,000.0				Recurring	General Fund
	\$2,000.0			Recurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriations in The General Appropriation Act

SOURCES OF INFORMATION

Economic Development Department

SUMMARY

Synopsis of HFL Amendment #1

House Floor Amendment #1 adds an appropriation of \$2,000.0 from the Temporary Assistance for Needy Families block grant to be transferred from the Human Services Department to the Industrial Development Training Fund for classroom and in-plant training for individuals of working families whose household income is up to 200 percent of poverty or less.

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment to House Bill 7 reduces the general fund appropriation from \$15,000.0 to \$8,000.0

Synopsis of Original Bill

House Bill 7 appropriates \$15,000.0 from the general fund to the Economic Development Department for the Industrial Development Training Program (IDTP), also known as In-Plant Training.

Significant Issues

The In-Plant Training Program partially reimburses up to six months of training costs for manufacturing or service exporting companies that are relocating or expanding to New Mexico. In addition, the program funds existing New Mexico companies that are expanding and creating new jobs.

During the 2001 legislative session, the Legislature increased the appropriation to the Industrial Development training fund by 50 percent to \$9 million. In FY01, the agency reports 36 projects constituting 3,308 jobs with an average wage of \$10.38 per hour. This breaks down to an average of \$13.20 per hour in the urban areas (1,436 jobs) and \$8.39 per hour in the rural areas (1,872 jobs). For the current fiscal year (FY02), the agency reports 10 projects constituting 875 jobs with an average wage of \$8.29 per hour. This breaks down to an average wage of \$17.12 per hour in urban areas (38 jobs) and \$7.89 per hour in rural areas (837 jobs).

Of the active projects, 19 contracts have reached the established end date, which is one year after the original contract date. These 19 projects have an unexpended balance of \$3,217.1; however the agency only reports \$1,832.8 of available funds remaining unobligated as of January 2002. Although the policies of the program state that the reimbursement is limited to 1040 hours, or six months, of training, these projects have been ongoing for well over one year. In total (41 projects), \$11,980.1 out of \$18,944.8, or 63.2 percent, of active contract funding remains unexpended.

FISCAL IMPLICATIONS

The appropriation of \$8,000.0 contained in this bill is a recurring expense to the general fund, and the appropriation of \$2,000.0 is a recurring expense to the TANF federal block grant. Any unexpended or unencumbered balance remaining at the end of any fiscal year shall not revert to the general fund. The appropriation contains an emergency clause.

RELATIONSHIP

As introduced, Senate Bill 1 contains \$2,000.0 within the Economic Development Department's operating budget for the In-Plant Training Program to be transferred from the Temporary Assistance for Needy Families (TANF) block grant to reimburse employers' training of individuals from working families. In addition, Senate Bill 1 contains \$6,000.0 in a special appropriation from the general fund for In-Plant Training.

MW/ar